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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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Form 10-Q

Quarterly Report Under Section 13 or 15 (d)
of the Securities Exchange Act of 1934

12-12-92
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For quarter ended January 31, 1992

Commission File Number ~~33-897-NY~~

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Q-Data Corp. - St. Petersburg, FL
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VERTEX INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

New Jersey	22-2050350
(State of Incorporation)	(I.R.S. Employer Identification Number)

23 Carol Street
Clifton, New Jersey 07014
(Address of Principal Executive Offices)

Registrant's Telephone Number: (201) 777-3500

Indicated by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No _____

The number of shares outstanding of the registrant's Common Stock, par value of $.01 per share, as of January 31, 1992 was 2,033,626.

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VERTEX INDUSTRIES, INC. AND SUBSIDIARIES

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VERTEX INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

A S S E T S

	January 31,1992 (Unaudited)	July 31,1991 (Audited)
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 206,736	$ 27,126
Accounts Receivable, Less Allowance for Doubtful Accounts of $13,048 at January 31, 1992 $14,293 at July 31, 1991	434,996	340,706
Inventories		
Raw Materials	77,313	111,203
Work in Process	252,662	151,119
Finished Goods and Parts	1,006,562	1,048,387
Total Inventories	1,336,537	1,310,709
Miscellaneous Receivables	7,860	7,868
Prepaid Expenses	59,525	25,779
Total Current Assets	2,045,654	1,712,188
PROPERTY, EQUIPMENT, AND CAPITAL LEASES:		
Property and Equipment	1,705,528	1,681,065
Capital Leases	106,013	106,013
Total Property, Equipment and Capital Leases	1,811,541	1,787,078
Less: Accumulated Depreciation and Amortization	1,592,882	1,559,843
Net Property, Equipment and Capital Leases	218,659	227,235
LEASED EQUIPMENT:		
Leased Portfolio	207,714	211,314
Less: Accumulated Amortization	207,702	207,752
Net Leased Equipment	12	3,562
OTHER ASSETS:		
Cost in Excess of Net Assets of Companies Acquired, Net of Amortization (Accumulated Amortization of $112,121 at January 31, 1992 and $106,764 at July 31, 1991)	217,126	224,582
Deferred Costs and other assets	-	1,323
Security Deposits	4,262	4,262
Total Other Assets	221,388	230,167
Total Assets	$2,485,713	$2,173,152

See accompanying notes to financial statements.

VERTEX INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	January 31, 1992 (Unaudited)	July 31, 1991 (Audited)
CURRENT LIABILITIES:		
Long-Term debt, current portion	$ 95,831	$ 530,230
Obligations under capital leases, current portion	18,480	16,811
Convertible Subordinated Debentures	-	25,000
Accounts Payable	434,623	388,657
Accrued Expenses	214,821	168,430
Customer Deposits	196,964	7,884
Deferred Income on Service Contracts	1,447	1,526
Notes Payable to related party, current portion	93,333	60,000
Total Current Liabilities	1,042,476	1,177,544
LONG-TERM LIABILITIES:		
Long-Term Debt, Less Current Portion	151,669	201,667
Obligations Under Capital Leases, Less Current Portion	19,705	29,377
Deferred Salaries Payable	-	104,406
Notes Payable to related party, less current portion	66,667	-
Total Long-Term Liabilities	238,041	335,450
EXCESS OF NET ASSETS OF ACQUIRED COMPANIES OVER COST NET OF AMORTIZATION: (Accumulated Amortization of $375,597 at January 31, 1992 and $363,094 at July 31, 1991)	110,533	123,037
STOCKHOLDERS' EQUITY:		
Preferred Stock, par value $.01 per share 2,000,000 shares authorized - none issued and outstanding	-	-
Common Stock, par value $.01 per share 8,000,000 shares authorized issued and outstanding 2,033,626 shares at January 31, 1992 and 1,895,165 at July 31, 1991	20,336	18,952
Capital in Excess of Par Value	2,568,905	2,181,010
Retained Earnings (Deficit)	(1,494,578)	(1,662,841)
Total Stockholders' Equity	1,094,663	537,121
Total Liabilities and Stockholders' Equity	$2,485,713	$2,173,152

See accompanying notes to financial statements.

VERTEX INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Six Months Ended Jan 31,		Three Months Ended Jan 31,	
	1992	1991	1992	1991
NET SALES	$ 2,058,125	$ 1,645,433	$ 1,018,760	$ 828,147
COST OF SALES	1,176,591	1,083,579	587,238	516,439
GROSS PROFIT	881,534	561,854	431,522	311,708
OPERATING EXPENSES:				
Selling and Administrative	591,938	605,279	254,237	308,701
Research and Development	122,606	109,848	46,056	56,784
Total Operating Expenses	714,544	1,112,861	374,507	361,290
OPERATING INCOME OR (LOSS)	166,990	(153,273)	131,229	(53,777)
OTHER INCOME AND (EXPENSES):				
Interest Income	6,320	154	6,162	-
Interest Expense	(33,169)	(51,380)	(10,844)	(23,787)
Miscellaneous Income or (Expense)	27,053	11,500	3,996	6,127
Gain on Disposal of Fixed Assets	1,550	-	1,550	-
Net Other (Expenses)	1,754	(39,726)	864	(17,660)
Income or (Loss) before income taxes and extraordinary items	168,744	(192,999)	132,093	(71,437)
INCOME TAXES:				
Federal	28,098	-	28,098	
State	10,154	-	10,154	-
Total Income Taxes	38,252	-	38,252	-
Income or (Loss) before extraordinary items	130,492	(192,999)	93,841	(71,437)
EXTRAORDINARY ITEMS:				
Federal tax benefit from carry forward of Net Operating Loss	28,098	-	28,098	-
State Tax benefit from carry forward of Net Operating Losses	9,673	-	9,673	-
Total Extraordinary Items	37,771	-	37,771	-
Net Income or (Loss)	$ 168,263	$(192,999)	$ 131,612	$(71,437)
NET INCOME OR (LOSS) PER SHARE:				
Net Income or (Loss) before income taxes and extraordinary items	$ 0.09	$(0.10)	$0.07	$(0.04)
Income Taxes	$(0.02)	-	$(0.02)	-
Extraordinary Items	$0.02	-	$0.02	-
Net Income or (Loss)	$0.09	$(0.10)	$0.07	$(0.04)
Weighted Average Number of Shares	1,917,652	1,895,164	1,924,936	1,895,165
DIVIDENDS PER SHARE	$ -0-	$ -0-	$ -0-	$ -0-

See accompanying notes to financial statements.

VERTEX INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

	Common Stock .01 Par Value		Capital in Excess of Par Value	Retained Earnings (Deficit)	Total
	Shares	Amount			
Year Ended July 31, 1991					
Balances at July 31, 1990	1,895,165	$18,952	$2,181,010	$ (1,395,352)	$804,610
Net (loss) for the year ended July 31, 1991	---	---	---	(267,489)	(267,489)
Balances at July 31, 1991	1,895,165	18,952	2,181,010	(1,662,841)	537,121
Six Months Ended January 31, 1992 (Unaudited)					
Issuance of common stock:					
Debenture bonds converted	38,461	384	24,615	---	24,999
Settlement of bank debt of subsidiary	100,000	1,000	363,280	---	364,280
Net Income for the six months ended January 31, 1992	---	---	---	168,263	168,263
Balances at January 31, 1992	2,033,626	$20,336	$2,568,905	$(1,494,578)	$1,094,663

See accompanying notes to financial statements.

VERTEX INDUSTRIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended			
	January 31, 1992		January 31, 1991	
Cash Flows from Operating Activities:				
Net Income or (Loss)		$ 168,263		$ (192,999)
Adjustment to reconcile Net Income or (Loss) to net cash provided by operating activities:				
Depreciation and amortization	27,941		39,013	
(Gain) on sale of lease units	---		(680)	
Deferred costs	1,323		3,968	
Deferred income on service contracts	(79)		(902)	
Deferred salaries payable	(104,406)	(75,221)	8,910	50,309
(Increase) or decrease in operating assets:				
Accounts receivable	(94,290)		(70,082)	
Inventories	(25,828)		(1,938)	
Miscellaneous recievables	8		1,635	
Prepaid expenses	(33,746)	(153,856)	(34,187)	(104,572)
Increase or (decrease) in operating liabilities:				
Accounts payable	45,966		172,128	
Accrued expenses	54,362		35,480	
Customer deposits	189,080	289,408	230,671	438,279
Net adjustments to reconcile net income or (loss) to net cash provided by operating activities		60,331		384,016
Net cash provided by operating activities		228,594		191,017
Cash Flows from Investing Activities:				
Additions to property and equipment	(20,863)		(22,132)	
Sale of base units	---		680	
Addition to security deposits	---		(2,404)	
Net cash (used for) investing activities		(20,863)		(23,856)
Cash Flows from Financing Activities:				
Payment of long term debt			(3,762)	
Payment of short term debt	(120,118)		(33,259)	
Payment of capitalized lease obligations	(8,003)		(4,437)	
Proceeds from note payable from related party	100,000		---	
Net cash (used for) financing activities		(28,121)		(41,458)
Net Increase in Cash		179,610		125,703
Cash and Cash Equivalents at Beginning of Year		27,126		82,102
Cash and Cash Equivalents at End of Period		$206,736		$207,805

See accompanying notes to financial statements.

VERTEX INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The information furnished herein reflects all adjustments which are, in the opinion of management, necessary for a fair statement of the results of the interim periods. Detailed footnote disclosures and schedules are not, however, required in the quarterly report under the rules and regulations of the Securities and Exchange Commission (SEC). Reference should be made to the financial statements, notes and schedules included in the July 31, 1991 Annual Report (Form 10-K) filed with the SEC for further information.

Note 1 - Guarantee of Indebtedness of Others:

The Company was a guarantor of a bank loan to its subsidiary, Computer Transceiver Systems, Inc., in the amount of $422,467, plus accrued interest, which had been in arrears. On December 23, 1991 pursuant to agreement among the bank, the company, and the subsidiary, the entire loan, including all accrued and unpaid interest, was paid and satisfied through a payment of $100,000 by the Company and the issuance by the Company of 100,000 shares of Vertex common stock. The Company and its subsidiary are discussing the terms under which the Company will be repaid for its outlay of cash and the stock in connection with satisfying the loan, but no decision has yet been made on repayment terms.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Capital Resources and Liquidity:

Working capital increased 87.6% to $1,003,178 on January 31, 1992 from $534,644 on July 31, 1991. The increase was mainly due to the payment and satisfaction of subsidiary debt on which the Company was a guarantor, and the restructure of a $300,000 term loan. In addition, trade receivable were higher, attributable to improved revenues. The Company also received a loan of $100,000 from a related party which is payable over three years with interest at prime plus 1 1/2%.

Net Revenues:

Revenue increased 25.1% to $2,058,125 for the six month period ended January 31, 1992, from $1,645,433 for the same period of the prior year. The increase was mainly due to the substantial improvement in Bar Code Products, offset partially by reduced revenue in Card Device Products. The CTSI subsidiary also reflected improved revenues, up 41.9% to $448,547.

Cost and Expense:

Cost of sales as a percentage of revenue decreased to 57.2% in the six month period ended January 31, 1992, from 65.8% for the same period of the prior year. The favorable cost of sales performances was across the board for all segments of the company, including the CTSI subsidiary.

Selling and Administrative expense declined 2.2% to $591,938 in the current six month period as compared with $605,279 for the same period of the prior year, mainly due to the cancellation of deferred officer's salary expense in the amount of $120,206 as a agreed to by the Company and certain officer's. Excluding this entry, selling and administrative expenses would reflect an increase of 11.5%, due to increase in Bar Code expenditures for advertising, catalogs, shows and exhibitions, and sales incentives.

Research and Development expenses follow a similar pattern, up 11.2% after accounting effect of reversing deferred salaries, but up 30% prior to the entry. The increase was mainly due to expenditures for Bar Code Products at the Massachusetts research facility.

Operating Income (Loss):

The improvement from a loss of $192,999 for the six months ended January 31, 1991 to a current period income of $168,744 is attributable to increased revenues, especially in Bar Code Products, and favorable cost of sales of all products, offset partially by higher advertising, marketing and research costs.

The improvement is also attributable to the cancellation of deferred officer salary expense as previously discussed.

Other Income and (Expenses):

Other expenses were reduced from $39,726 in the prior year six month period to $1,754 in the current six month period due to a reduction in interest rates and a reduction in liability.

Net Income or (Loss):

Consolidated operations for the six month period ended January 31, 1992 resulted in a net income of $168,263 after Federal and State Tax provisions as compared with a loss of $192,999 for the six months ended January 31, 1991. The improved performance mainly was the result of increased Bar Code revenues, favorable cost of sales, and to the cancellation of deferred officer salary.

Result of Operations:

Vertex was selected by Medeco Security Locks, Inc. (a division of Hillenbrand Industries) to provide software for its Electronic Lock System and to participate in the design of an encription module to support the locks which plug into Vertex Hand Held Computers. This project is a result of our work with Bellcore and Bell Atlantic on Route Coin Collection Automation for Pay Telephones. The Electronic Lock System eliminates the need for a unique mechanical key for each coin box. Key combinations are stored in the Vertex Hand Held and can be added over the telephone.

The New York City School System has now dedicated funding to improving school security and is contemplating the purchase of additional Access Control/Attendance Systems for High School.

Equipment is now being installed in New Jersey as the next phase of Route Coin Collection Automation for Bell Atlantic.

Vertex is currently porting its Bridge Software package to the IBM AS400 Computer and anticipates showing the product in June of 1992.

CTSI is now shipping Label Generating Systems to hospitals using Laboratory Information Systems supplied by Antrim, Hospital Corporation of America, Sunquest Systems, and Cerver Labs. Most of these systems are used with the Beckman CX7 Blood Analyzer.

Dated: Clifton, New Jersey
January 31. 1992

VERTEX INDUSTRIES, INC.
Registrant

By James Q. Maloy
James Q. Maloy, President
President, (Chief Executive Officer)

By Ronald C. Byer
Ronald C. Byer
Executive Vice President
Treasurer, (Chief Financial Officer)
and Director